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LAND UTILIZATION AND FOREIGN TRADE

A radio talk by L. R. Edminster, Chief, Import and Export Section, AAA, broadcast Friday, March 22, 1935, in the Conservation Day program, National Farm and Home Hour, by 60 associated NBC radio stations.

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There are, broadly speaking, two sorts of problems connected with our land resources: first, those relating to land or soil conservation; second, those relating to land utilization. Conservation involves the problem of protecting the land against the inroads of wind and water erosion and of soil depletion, to the end that the material basis for the well-being of generations yet to come shall not be wasted away. Utilization also has conservation aspects, since the use or misuse of the land directly affects erosion and depletion of the soil. But utilization involves more than that. It involves the broad problem of how to use the land to the best advantage.

Now in order to use the land to the best advantage, we need to know how much of each important farm product is required, and which is the best land for producing it. This means that we must try to estimate future requirements for some years ahead. If we produce more than is needed, prices will be too low. If we produce less, someone will have lost a good opportunity to make a living in farming, and undue hardships may be inflicted upon consumers. Of a few things, such as fresh milk and beef, we produce about all that we consume but no more. For such products all we need to know is how much will be required to provide for our own needs, or for such part of our needs as can be wisely supplied from domestic sources. But over half of our cotton is exported, not to mention our normally large exports of pork products, fruit, tobacco, wheat and flour.

For those products that we export, we need to know not only how much will be needed at home but also how much we can hope to sell profitably to other countries. Now, if we were willing to ignore the interests of that vast part of our agriculture that is dependent upon foreign markets, we might be content simply to make pessimistic forecasts of future export prospects and to plan production accordingly. But if we did this, we would be moving toward a condition of economic, self-sufficiency, involving readjustments and sacrifices of which the average person is not even vaguely aware.

Clearly, we cannot afford complacently to enter upon such a course. We must try to restore foreign markets. One of the main reasons why prices of farm products have fallen so low in recent years is that foreign outlets have greatly declined. That is why we have been forced to reduce our production of important export commodities, such as cotton, wheat, tobacco and hogs. We have done this, however, realizing that such action is but a stopgap. We know that the most constructive solution would be to sell more farm products, and sell them at profitable prices. If we were to accept the reduction of our exports as permanent and inevitable, we would have to take between 40 and 100 million acres of land out of cultivation, and thousands of farm families would have to find a living elsewhere.

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Now, then, can we restore and expand foreign markets? We might, of course, repeat our follies of the 1920's by lending millions to foreign countries, maintaining or further increasing our high tariff rates, and thus making sure of not being repaid. In short, we could give our exports away by paying for them ourselves. But that would, indeed, be folly. Actually, there is but one real solution, and that is to import more goods from other countries and thus enable them to buy more of our products. We cannot expect to sell more goods and services to foreign countries than we are willing to buy. That is just common sense. We can sell them more goods for a time than we buy. We did that before the depression, chiefly by lending and spending abroad. We are still doing it, and being paid the difference in gold. But there is not enough gold in the world to pay for more than a small part of our exports for long. Indeed, the stage seems now to have been reached where foreign countries will have to buy even less from us than they have been buying, unless we buy more from them.

Against formidable obstacles we are earnestly endeavoring to meet this problem. By the Trade Agreements Act, passed last year, the President is authorized to negotiate trade agreements with foreign countries. To that end he is empowered to reduce duties on any product by as much as 50 percent in return for reciprocal concessions by the other country in the deal. This offers us a way not only to increase foreign purchasing power for our products but also to get foreign countries to reduce tariffs and other restrictions on imports from this country. Progress thus far has been retarded, partly owing to difficulties in getting the program organized and partly because of the obstacles inherent in any attempt to reduce trade barriers. Nevertheless progress is being made. Agreements have already been concluded with Cuba, Brazil, and Belgium. In these agreements important concessions have been secured on agricultural products, including pork products; fresh, canned and dried fruits; and other items. Likewise, important concessions have been secured on industrial products. Of course this is only a beginning. Many other such agreements are in the making. Upon their success, much depends. To the extent that we succeed in opening foreign markets for farm products, American farmers will be directly benefited. To the extent that we succeed in opening foreign markets for industrial products, industrial activity and employment will be stimulated and better markets created right here at home for our farm products.

There are, of course, many timid souls - and some others, too, with an axe to grind - who contend that any reduction at all in our tariff is too high a price to pay for restoring our exports. Such persons either fail utterly to realize the costs that we must incur if we do not readjust our tariff, or else are recklessly indifferent to the general welfare. This is not to say that tariff reduction should not be undertaken with caution, in order to see that undue hardships are not inflicted on those domestic industries whose tariffs are reduced. Wanton disregard of the interests of those whose fortunes are immediately linked to industries that have been operating under the shelter of the tariff, would certainly be neither constructive nor just. But this does not mean that reductions should not be made. It only argues for proceeding cautiously and in full knowledge of the facts.

Whether they know it or not, farmers in this country have a big stake in this trade program. This is not merely because so much of our agriculture is dependent on foreign markets, important though that is. Farmers are also consumers. Most of the consumers' goods and many of the producers' goods that they buy are subject to high tariffs. If these tariffs are reduced, most farmers will get more for what they sell, and all of them will get more for what they spend. To be sure, some branches of agriculture are sheltered by the tariff. But the farm products that we export are much more important than those that we import. The whole range of farm products has felt the price-lowering effects of our loss of foreign markets much more than it has felt the price-raising effects of the tariffs on farm products. By and large the interests of farmers in this country, and of the country as a whole, lie on the side of restoring our foreign trade. This we can surely do if we have the intelligence to understand, and the courage to face, the central problem involved. This is the problem of reducing our tariff, thus enabling our foreign customers to sell us more goods than we now permit them to sell.

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